

## **IRS TAX TIP 2003-42**

### **SCHEDULES B AND 1**

You may be one of about 15 million taxpayers who no longer have to file Form 1040's Schedule B or Form 1040A's Schedule 1, according to the IRS. Starting with 2002 tax returns, you will not have to file a separate schedule if your taxable interest is \$1,500 or less and your ordinary dividends are \$1,500 or less.

This replaces the former reporting threshold of \$400.

However, even though taxpayers who do not exceed these thresholds do not have to file a separate schedule, they still have to report the amount of taxable interest or ordinary dividends as income on their 1040 or 1040A.

Taxpayers with taxable interest or ordinary dividends above the \$1,500 threshold amount must continue to list the names of those who paid them along with the amount paid on separate schedules. Form 1040 filers use Schedule B, "Interest and Ordinary Dividends." Form 1040A filers use Schedule 1, "Interest and Ordinary Dividends for Form 1040A Filers."

As in past years, certain taxpayers with bank or other financial accounts in a foreign country (and certain taxpayers involved in foreign trust transactions) must continue to file Schedule B regardless of the amount of interest or dividends they receive.

Changing the threshold requirement for using Schedules B or 1 enables another 800,000 taxpayers to use either the shorter Form 1040EZ or TeleFile to file their tax returns by telephone. You may be one of them. Check out Form 1040EZ on the IRS Web site at *IRS.gov*, under "Forms and Publications," or review the TeleFile package sent to your home. Taxpayers must have already received a TeleFile package in the mail in order to file by telephone.

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